

Message Text

LIMITED OFFICIAL USE

PAGE 01 CARACA 04275 181541 Z

55

ACTION ARA-17

INFO OCT-01 ADP-00 CIAE-00 DODE-00 INR-10 NSAE-00 PA-03

RSC-01 USIA-12 PRS-01 SS-15 NSC-10 EB-11 SCEM-02

INT-08 COME-00 TRSE-00 RSR-01 /092 W

----- 101802

R 181434 Z MAY 73

FM AMEMBASSY CARACAS
TO SECSTATE WASHDC 9895

LIMITED OFFICIAL USE CARACAS 4275

EO 11652: N/A

TAGS: ENRG VE

SUBJECT: HYDROCARBONS MINISTER COMMENTS ON SECRETARY
ROGERS' VISIT

1. ACCORDING TO REPORTS IN CARACAS NEWSPAPERS EL UNIVERSAL AND EL NACIONAL MORNING OF MAY 17, MINISTER OF MINES AND HYDROCARBONS, HUGO PEREZ LA SALVIA, TOLD PRESS MAY 16 THAT CONVERSATIONS WITH SECRETARY ROGERS WERE VERY CORDIAL AND COVERED RELATIONS BETWEEN U. S. AND VENEZUELA, PETROLEUM, AND NEW AMERICAN ENERGY POLICY.
2. PEREZ ALSO TOLD PRESS THAT HE HAD SPOKEN TO SECRETARY ROGERS ABOUT INCENTIVES IN NEW U. S. ENERGY POLICY WHICH WOULD CAUSE REFINERIES TO BE BUILT IN U. S. AND HAD STATED THAT THIS WOULD HARM VENEZUELA AND OTHER PRODUCING COUNTRIES BY DISPLACING REFINERIES THAT WOULD OTHERWISE BE BUILT IN THEIR TERRITORIES.
3. PRESS ALSO REPORTED THAT PEREZ RESPONDED TO SECRETARY ROGERS' STATEMENT THAT VENEZUELA WILL BE ABLE TO EXPORT TO THE UNITED STATES ALL THE OIL IT DESIRES BY SAYING " WE ARE NOT IN AN OIL- EXPORTING CONTEST, BUT

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 CARACA 04275 181541 Z

RATHER WE MUST USE THIS RESOURCE RATIONALLY AND CARE FOR OUR DEPOSITS."

4. REGARDING LAST POINT, HIGH OFFICIAL OF MINISTRY (MICHELENA) CALLED PETROLEUM ATTACHE FOLLOWING APPEARANCE OF MORNING PAPERS TO INFORM EMBASSY THAT NEWSPAPERS HAD MISREPRESENTED WHAT HIS MINISTER SAID. MICHELENA SAID THAT MINISTER PEREZ WANTS EMBASSY TO UNDERSTAND AND REPORT THAT HIS COMMENT ABOUT NOT ENGAGING IN AN EXPORT CONTEST WAS NOT INTENDED TO REPLY TO ANYTHING SECRETARY ROGERS SAID BUT WAS MERELY ANSWER TO A WRITTEN QUESTION FROM REPORTER AS TO HOW MUCH OIL VENEZUELAN GOVERNMENT WANTS TO PRODUCE. NEWSPAPERS REPORTED TWO COMMENTS TOGETHER IN WAY TO SUGGEST THAT THEY WERE LINKED (COMMENT: THIS EXPLANATION TENDS TO BE CONFIRMED BY ONE NEWSPAPER, LA VERDAD, WHICH REPORTS THAT MINISTER FIRST TALKED ABOUT NOT BEING IN AN EXPORT CONTEST AND THEN WAS ASKED ABOUT HIS REACTION TO CONVERSATIONS WITH SECRETARY ROGERS).

5. IN COURSE OF CONVERSATION WITH MICHELENA, THE PETROLEUM ATTACHE OBSERVED THAT NEWSPAPERS HAD ALSO REPORTED THAT MINISTER PEREZ HAD SUGGESTED PUBLICLY THAT NEW U. S. ENERGY POLICY WOULD BE A BARRIER TO CONSTRUCTION OF NEW REFINERIES IN VENEZUELA. PETROLEUM ATTACHE POINTED OUT TWO OTHER FACTORS-- DOMESTIC FACTORS-- WOULD SEEM TO BE PRIMARILY RESPONSIBLE FOR THIS SITUATION: (1) DECLINING PRODUCTION OF OIL, WHICH WILL IN FORESEEABLE FUTURE, IF NOT REVERSED, RESULT IN TOTAL OIL PRODUCTION FALLING TO LEVEL THAT COULD BE HANDLED BY EXISTING REFINERIES, THEREBY OBTAINING NECESSITY FOR NEW REFINERIES; AND (2) UNCERTAINTIES UNDER REVERSION LAW WHICH MAKE IT DIFFICULT TO SEE HOW NEW INVESTMENT IN REFINERIES COULD BE AMORTIZED. PETROLEUM ATTACHE ALSO POINTED OUT THAT THERE IS FLEXIBILITY IN NEW U. S. ENERGY POLICY UNDER WHICH IMPORT FEES COULD BE ADJUSTED THROUGH AGREEMENTS WITH PARTICULAR COUNTRIES ON PETROLEUM MATTERS. MICHELENA IS WELL AWARE OF THE LATTER POINT AND HE EXPRESSED AGREEMENT THAT FIRST TWO POINTS ARE MAIN IMPEDIMENTS TO REFINERY CONSTRUCTION HERE. HE INDICATED THAT THE MINISTER' S STATEMENT THAT U. S. LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 CARACA 04275 181541 Z

POLICY BEING A BARRIER TO REFINERIES HERE WAS JUST POLITICS AND SHOULD BE UNDERSTOOD AS SUCH. MICHELENA SAID HE THOUGHT IT REGRETTABLE THAT SOME OIL COMPANY PEOPLE HERE-- THOUGH HAPPILY NOT TOP OIL COMPANY OFFICIALS-- MAKE MISTAKE OF BELIEVING EVERYTHING MINISTER PEREZ SAYS, FAILING TO UNDERSTAND THAT SOME OF IT IS JUST POLITICS.

DEVINE

LIMITED OFFICIAL USE
NMAFVVZCZ

*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 18 MAY 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: smithrj
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973CARACA04275
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: n/a
Errors: n/a
Film Number: n/a
From: CARACAS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730548/aaaajkxy.tel
Line Count: 118
Locator: TEXT ON-LINE
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: smithrj
Review Comment: n/a
Review Content Flags:
Review Date: 24 JAN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <24-Jan-2002 by martinjw>; APPROVED <24-Jan-2002 by smithrj>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> gwr 980220
Subject: HYDROCARBONS MINISTER COMMENTS ON
TAGS: ENRG, VE
To: ARA
SECSTATE WASHDC
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005